



BB&T

WELLS FARGO

**KBS**

Real Estate  
Investment  
Trust III

Portfolio & NAV Update Webcast  
November 18, 2022

## Important Disclosures

The information contained herein should be read in conjunction with, and is qualified by, the information in KBS Real Estate Investment Trust III's (the "Company" or "KBS REIT III") Annual Report on Form 10-K for the year ended December 31, 2021 (the "Annual Report"), and in the Company's Quarterly Report on Form 10-Q for the period ended September 30, 2022 (the "Quarterly Report"), including the "Risk Factors" contained therein. For a full description of the limitations, methodologies and assumptions used to value the Company's assets and liabilities in connection with the calculation of the Company's estimated value per share, see the Company's Current Report on Form 8-K, dated September 28, 2022 (the "Valuation 8-K").

### Forward-Looking Statements

Certain statements contained herein may be deemed to be forward-looking statements within the meaning of the Federal Private Securities Litigation Reform Act of 1995. The Company intends that such forward-looking statements be subject to the safe harbors created by Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. These statements include statements regarding the intent, belief or current expectations of the Company and members of its management team, as well as the assumptions on which such statements are based, and generally are identified by the use of words such as "may," "will," "seeks," "anticipates," "believes," "estimates," "expects," "plans," "intends," "should" or similar expressions. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date they are made. The Company undertakes no obligation to update or revise forward-looking statements to reflect changed assumptions, the occurrence of unanticipated events or changes to future operating results over time, unless required by law. Such statements are subject to known and unknown risks and uncertainties which could cause actual results to differ materially from those contemplated by such forward-looking statements. The Company makes no representation or warranty (express or implied) about the accuracy of any such forward-looking statements. These statements are based on a number of assumptions involving the judgment of management.

You should interpret many of the risks identified in this presentation and in the Company's Annual Report and Quarterly Reports as being heightened as a result of the continued disruptions in the financial markets. The extent to which the COVID-19 pandemic impacts the Company's operations depends on future developments, which remain uncertain, including potential changes in customer behavior, such as the continued social acceptance, desirability and perceived economic benefits of work-from-home arrangements, resulting from the COVID-19 pandemic, which could materially and negatively impact the future demand for office space, resulting in slower overall leasing and an adverse impact to the Company's operations and the valuation of its investments. We cannot predict to what extent economic activity, including the use of and demand for office space, will return to pre-pandemic levels. The Company's operations and the value of its investments may also be adversely impacted by the current economic slowdown, the rising interest rate environment and inflation, or the public perception that any of these events may continue. Moreover, valuations for U.S. office properties continue to fluctuate due to weakness in the current real estate capital markets as a result of the factors above and the lack of transaction volume for U.S. office properties, increasing the uncertainty of valuations in the current market environment. These risks are not priced into the September 28, 2022 estimated value per share. The Company's significant investment in the common units of Prime US REIT, a traded Singapore real estate investment trust, is subject to the risks associated with U.S. office properties as well as the risks inherent in investing in traded securities, including, risks related to the quantity of units held by us relative to the trading volume of the units. Since March 2020, the trading price of the common units of Prime US REIT has experienced substantial volatility.

## Important Disclosures (cont.)

### Forward-Looking Statements

The Company may fund distributions from any source including, without limitation, from offering proceeds or borrowings. Distributions paid through September 30, 2022 have been funded with cash flow from operating activities, debt financing and proceeds from asset sales. There are no guarantees that the Company will continue to pay distributions or that distributions at the current rate are sustainable. No assurances can be given with respect to distributions. Actual events may cause the value and returns on the Company's investments to be less than that used for purposes of the Company's estimated value per share. With respect to the estimated value per share, the appraisal methodology used for the appraised properties assumed the properties realize the projected net operating income and expected exit cap rates and that investors would be willing to invest in such properties at yields equal to the expected discount rates. The valuation for the Company's investment in units of Prime US REIT used in the estimated value per share assumed a discount for the holding period risk due to the quantity of units held by the Company relative to the normal level of trading volume in units.

Though the appraisals of the appraised properties and the valuation of the Company's investment in units of Prime US REIT, with respect to Kroll, and the valuation estimates used in calculating the estimated value per share, with respect to Kroll, the Company's advisor and the Company, were the respective party's best estimates as of the dates of the respective valuations, the Company can give no assurance in this regard. Even small changes to these assumptions could result in significant differences in the appraised values of the appraised properties, the valuation of the Company's investment in units of Prime US REIT and the estimated value per share. Further, the Company can make no assurances with respect to the future value appreciation of its properties and ultimate returns to investors.

Stockholders may have to hold their shares for an indefinite period of time. The Company can give no assurance that it will be able to provide additional liquidity to stockholders. Given continued disruptions in the financial markets, the Company's conflicts committee and board of directors continue to evaluate various alternatives available to the Company. At this time, the Company does not intend to pursue a conversion to an "NAV REIT." The Company can provide no assurances as to whether or when any alternative being considered by the board of directors will be consummated.

The statements herein also depend on factors such as: future economic, competitive and market conditions; the Company's ability to maintain and/or improve occupancy levels and rental rates at its real estate properties; and other risks identified in Part I, Item 1A of the Company's Annual Report for the year ended December 31, 2021 and in Part II, Item 1A of the Company's Quarterly Report for the period ended September 30, 2022 and March 31, 2022.

## Fund and Portfolio Overview

As of September 30, 2022, unless otherwise noted.

<sup>1</sup> Current portfolio of properties as of September 2022. Value based solely on the appraised values as of July 31, 2022 as reflected in the September 2022 estimated share value. The appraised values do not consider estimated disposition costs and fees.

<sup>2</sup> Estimated value of KBS REIT III's investment in Prime US REIT units was based on the closing price of the units on the SGX of \$0.610 per unit as of September 20, 2022, offset by a 11.5% discount to account for holding period risk due to the quantity of units held by the Company relative to the normal level of trading volume in Prime US REIT units. On November 9, 2021, the Company sold 73,720,000 units in PRIME US REIT.

<sup>3</sup> Includes leases that had been executed but had not yet commenced as September 30, 2022.

<sup>4</sup> Loan-to-Value equals the total debt as of September 30, 2022 divided by the September 2022 estimated value of the portfolio of properties of \$2.8 billion and the estimated value of KBS REIT III's investment in Prime US REIT as of September 20, 2022.

<sup>5</sup> On an annualized basis. For the period from January through September 2022, KBS REIT III declared monthly distributions at a rate of \$0.04983333/share.

September 2022 Estimated Value of Current Portfolio of Properties<sup>1</sup>

\$2.8 billion

September 2022 Value of Investment in Units of PRIME US REIT<sup>2</sup>

\$116.5 million

Rentable Square Feet

7.3 million

Total Leased Occupancy<sup>3</sup>

88.3%

Total Leverage (Loan-to-Value)<sup>4</sup>

56.0%

Annualized Monthly Distribution Rate<sup>5</sup>

\$0.60/share ordinary distributions

# The Current Portfolio of Properties

Property	Metro City	Building Class (A,B or C)	Sq. Ft.	Classification (CBD, Urban, Suburban)	Mass Transit Availability	Leased Occupancy September 30, 2022 <sup>1</sup>	WALE (in years) September 30, 2022 <sup>2</sup>
<b>WEST</b>							
Salt Lake Hardware	Salt Lake City	A	210,938	CBD	Metro/Light Rail	100%	6.1
201 Spear Street	San Francisco	A	254,598	CBD	Subway/Metro/Light Rail	93%	3.6
Ten Almaden	San Jose	A	309,255	CBD	Metro/Light Rail	94%	2.3
The Almaden	San Jose	A	416,126	CBD	Metro/Light Rail	91%	4.3
Towers at Emeryville	Oakland	A	593,484	Urban	Metro/Light Rail/Shuttle	80%	2.8
<b>CENTRAL</b>							
Accenture Tower	Chicago	A	1,457,724	CBD	Subway/Metro	91%	7.8
Legacy Town Center	Dallas	A	522,043	Urban	None	72%	4.2
Preston Commons	Dallas	A	427,799	Urban	None	97%	4.5
Sterling Plaza	Dallas	A	313,609	Urban	None	91%	3.8
60 South Sixth	Minneapolis	A	710,332	CBD	Metro/Light Rail	77%	7.3
515 Congress	Austin	A	267,956	CBD	Metro/Light Rail	95%	3.3
Park Place Village	Kansas City	A	484,980	Suburban	None	94%	6.5
<b>EAST</b>							
Carillon	Charlotte	A	488,277	CBD	Metro/Light Rail	81%	3.7
201 17th Street	Atlanta	A	355,870	Urban	Shuttle	89%	7.1
3001 Washington	Washington, D.C.	A	94,836	Urban	Metro	100%	7.0
3003 Washington	Washington, D.C.	A	211,054	Urban	Metro	99%	9.5
McEwen Building	Nashville	A	175,262	Suburban	None	95%	5.8
<b>Total / Wtd Avg.</b>			<b>7,294,143</b>			<b>88%</b>	<b>5.6</b>

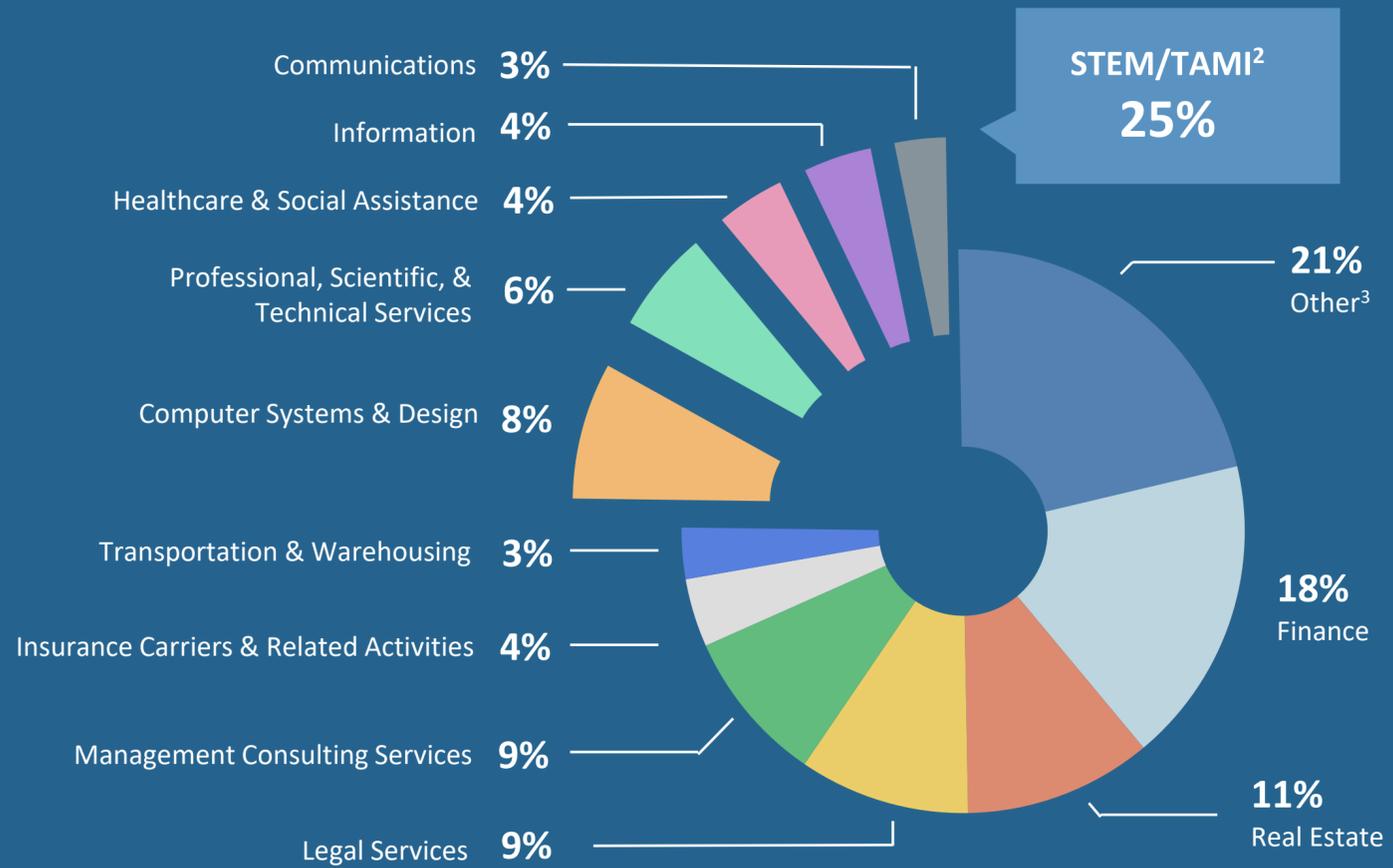
<sup>1</sup> Includes future leases that had been executed but had not yet commenced as September 30, 2022.

<sup>2</sup> Weighted Average Lease Expiry is measured across all tenants' remaining leases in years and is weighted based on the tenant's leased area.

## Statistics for the Current Portfolio

Over 560 Tenants with Staggered Lease Expirations and Industry Diversification

Tenant Industries <sup>1</sup>



- Industry diversification provides downside protection from any single industry. No one industry represents over 18% of the total portfolio.
- STEM/TAMI<sup>2</sup>, represents 25% of the total portfolio.

Lease Expirations <sup>1</sup>



<sup>1</sup> Annualized base rent represents annualized contractual base rental income as of September 30, 2022 adjusted to straight-line any contractual tenant concessions (including free rent), rent increases and rent decreases from the lease's inception through the balance of the lease term. Percent of annualized base rent is based on total annualized base rent of the current portfolio.

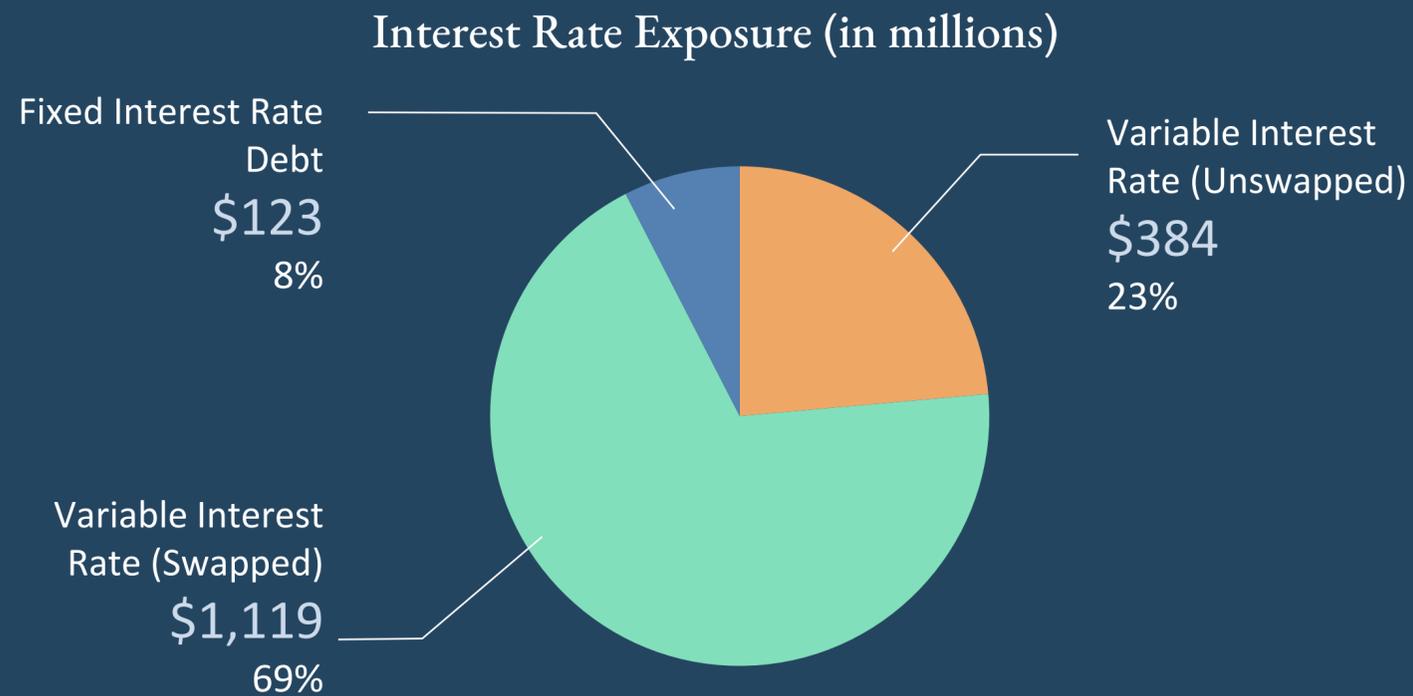
<sup>2</sup> STEM is an industry abbreviation which stands for science, technology, engineering, and math and TAMI stands for technology, advertising, media, and information.

<sup>3</sup> "Other" is comprised of various industries that individually represent less than 3.0% of total annualized base rent, excluding STEM industries.

# Capital Management<sup>1</sup>

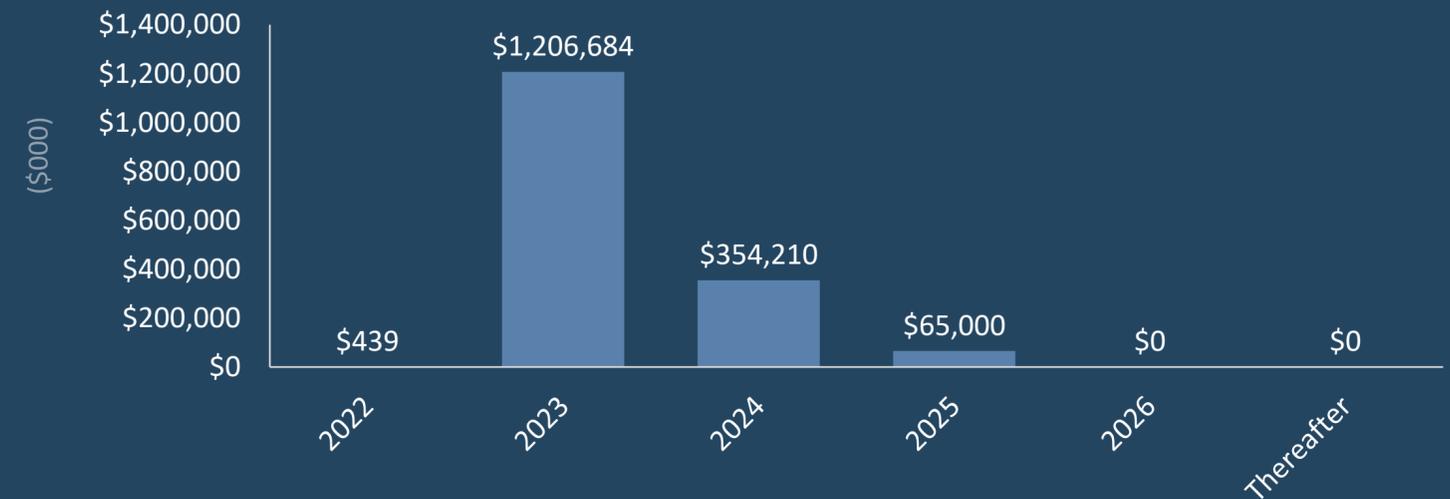
As of September 30, 2022, unless otherwise noted

Total Debt <sup>1</sup>	\$1.6 billion
Loan-to-Value <sup>2</sup>	56%
Average cost of debt <sup>3</sup>	3.66% per annum



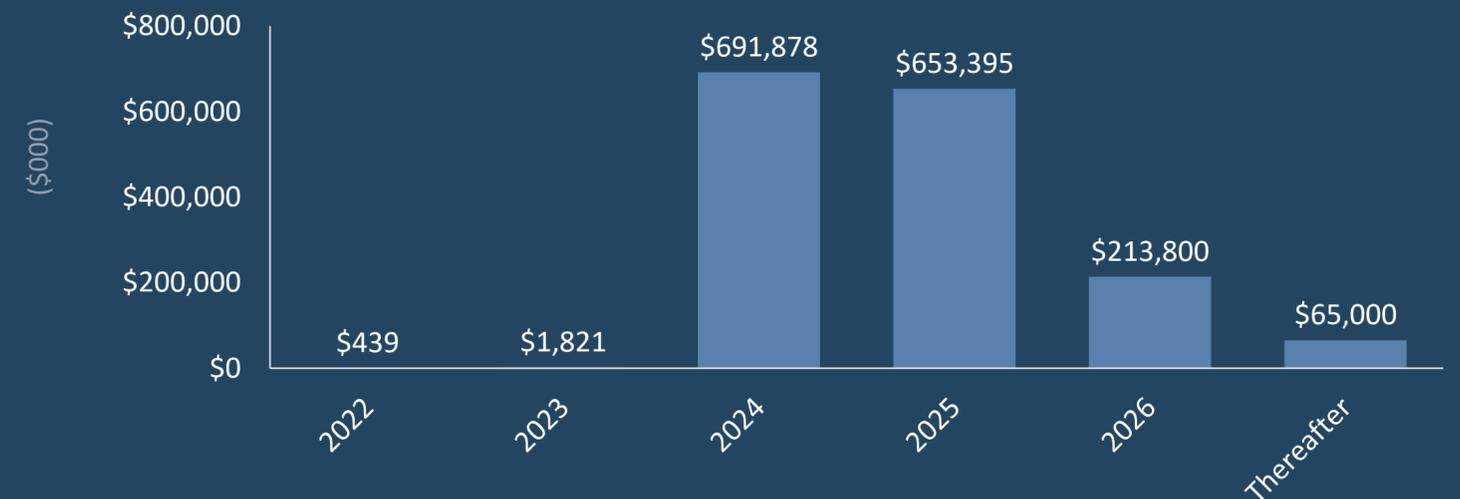
## Initial Debt Maturities<sup>1</sup>

Average term **1.1 years**



## Fully Extended Debt Maturities<sup>1,4</sup>

Average term **2.6 years**



<sup>1</sup> Based on total debt as of September 30, 2022.

<sup>2</sup> Loan-to-Value equals the total debt as of September 30, 2022 divided by the appraised values of the properties as of July 31, 2022 of \$2.8 billion and the estimated value of KBS REIT III's investment in Prime US REIT as of September 20, 2022 as reflected in the September 2022 estimated value per share.

<sup>3</sup> Average cost of debt includes the impact of interest rate hedges.

<sup>4</sup> Extensions available upon meeting certain conditions set forth in the loan agreements.

## Valuation Change Summary

On September 28, 2022, KBS REIT III's Board of Directors approved an estimated value per share of \$9.00<sup>1</sup>. The following is a summary of the estimated value per share changes within each asset and liability group.

<b>November 2021 estimated value per share</b>	<b>\$10.78</b>
Real estate	(1.19)
Capital expenditures on real estate	(0.61)
Investment in Prime US REIT units	(0.35)
<b>Total changes related to investments</b>	<b>(2.15)</b>
Distributions declared in excess of modified operating cash flows <sup>2</sup>	(0.02)
Notes payable	0.07
Interest rate swap liability	0.31
Other changes, net	0.01
<b>Total change in estimated value per share</b>	<b>(1.78)</b>
<b>September 2022 estimated value per share</b>	<b>\$9.00</b>

<sup>1</sup> Based on (i) appraisals of KBS REIT III's 17 real estate properties as of July 31, 2022, the estimated value of KBS REIT III's investment in units of Prime US REIT (SGX-ST Ticker: OXMU) as of September 20, 2022, and the estimated value of KBS REIT III's other assets as of June 30, 2022, less (ii) the estimated value of KBS REIT III's liabilities as of June 30, 2022, all divided by the number of shares outstanding as of June 30, 2022. See the September 2022 Valuation 8-K.

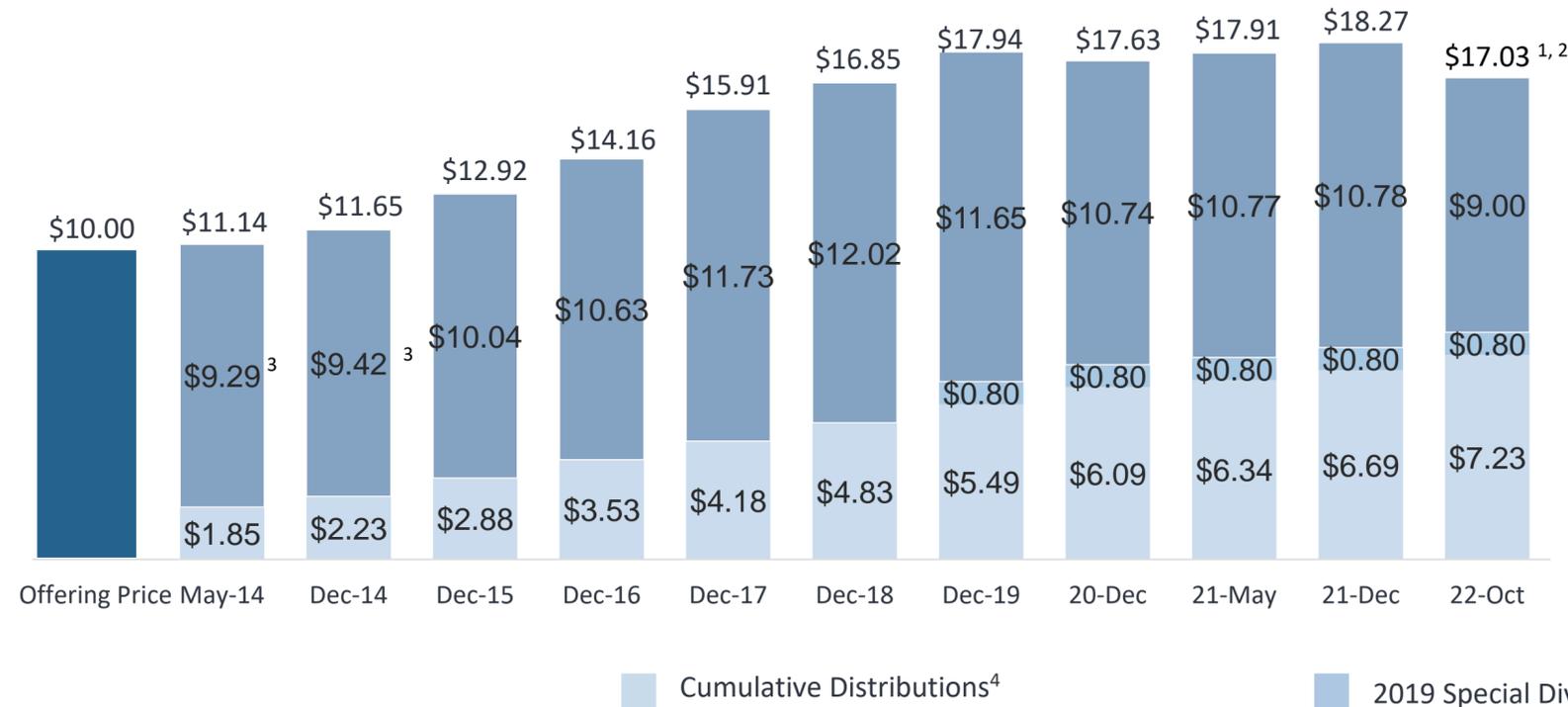
# Stockholder Performance October 2022

Hypothetical Performance of First and Last Investor

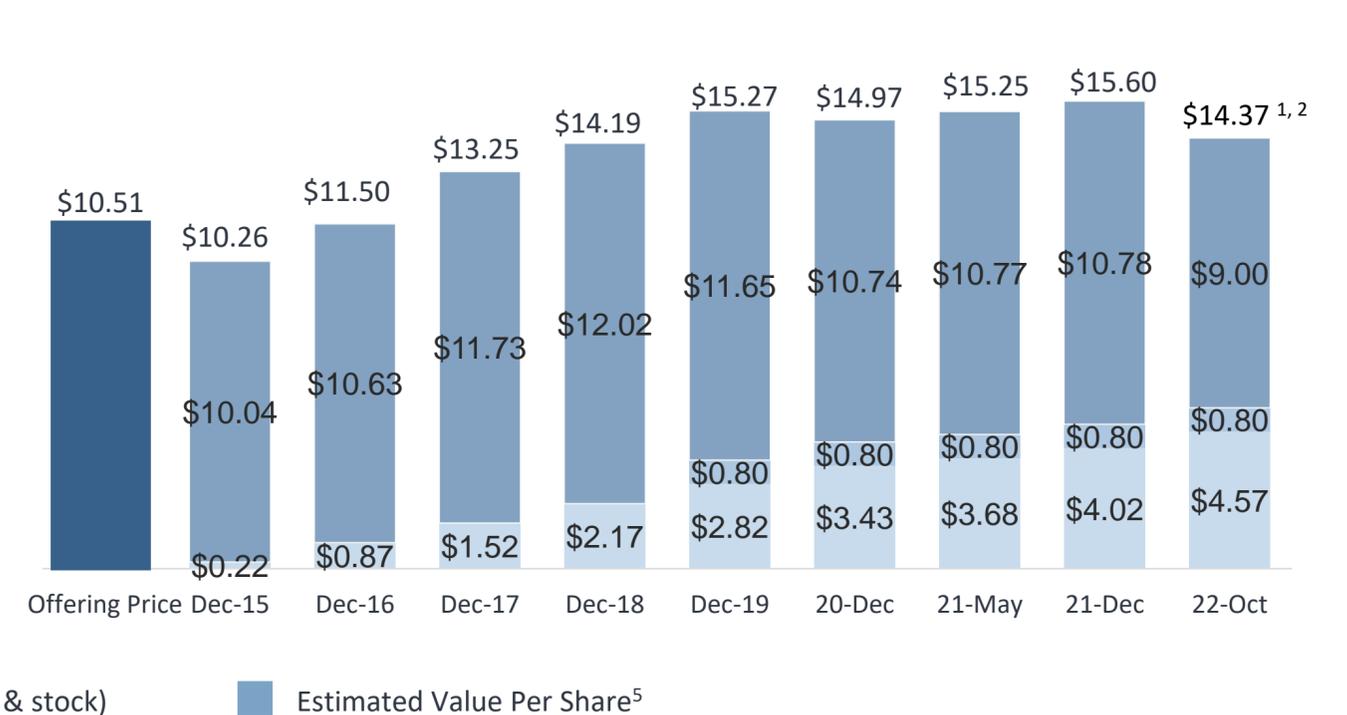
**\$17.03** total value for first cash investor <sup>1, 2</sup>

**\$14.37** total value for last cash investor <sup>1, 2</sup>

Breakdown of First Cash Investor Value



Breakdown of Last Cash Investor Value



<sup>1</sup> The total value would change to \$17.48 and \$14.77 for a first and last investor, respectively, who fully participated in KBS REIT III's dividend reinvestment plan for the life of the investment and did not make any redemptions.

<sup>2</sup> Total value equals the September 2022 estimated value per share and cumulative distributions as of October 2022, plus the 2019 Special Dividend. The Special Dividend was payable in the form of either (1) cash or (2) shares of KBS REIT III's common stock, at the election of the KBS REIT III's stockholders. If stockholders elected all cash, their election was subject to adjustment such that the aggregate amount of cash to be distributed by KBS REIT III was a maximum of 35% of the total Special Dividend (the "Maximum Cash Distribution"), with the remainder paid in shares of common stock. The aggregate amount of cash paid by KBS REIT III pursuant to the Special Dividend and the actual number of shares of common stock issued pursuant to the Special Dividend depended upon the number of stockholders who elected cash or stock and whether the Maximum Cash Distribution was met.

<sup>3</sup> Determined solely to be used as a component in calculating the offering price of KBS REIT III's now-terminated initial public offering.

<sup>4</sup> "Cumulative Distributions" for a first cash investor assumes all distributions received in cash other than Special Dividend shares and no share redemptions and reflect the payment amounts (all distributions paid since inception) per share for a hypothetical investor who invested on escrow break (March 24, 2011) and consequently has received all distributions paid by KBS REIT III. "Cumulative distributions" for a last cash investor assumes all distributions received in cash other than Special Dividend shares and no share redemptions, and reflect the payment amounts (all distributions paid since investment) per share for a hypothetical investor who invested on July 28, 2015.

<sup>5</sup> For estimated value per share information, see KBS REIT III's Supplement no. 3 to the Company's prospectus dated April 25, 2014 (Registration No. 333-164703), filed May 6, 2014; Part II, Item 5 of KBS REIT III's Annual Reports on Form 10-K filed March 9, 2015, March 14, 2016, March 13, 2017, March 8, 2018, March 14, 2019, March 6, 2020, March 12, 2021 and March 31, 2022; and KBS REIT III's Current Reports on Form 8-K filed May 14, 2021 and September 28, 2022.

# Strategic Plan Update



# Assessment of Strategic Alternatives

We continue to evaluate strategic alternatives for the REIT; however, the current environment in the capital and real estate markets is very difficult with headwinds caused by inflation and rising interest rates. As a result, at this time KBS REIT III does not intend to pursue conversion to an NAV REIT.

While we continue to believe our portfolio is well-positioned for future success, including navigating issues caused by the pandemic, given continued disruptions in the financial markets, including the current economic slowdown, the rising interest rate environment and inflation (or the public perception that any of these events may continue) as well as potential changes in the demand for office properties resulting from the COVID-19 pandemic and uncertain economic conditions, KBS REIT III's conflicts committee and our board of directors continue to evaluate various alternatives available to KBS REIT III to provide liquidity to stockholders while continuing to pay ongoing monthly distributions. Additionally, as a result of decreased economic occupancy, future near term lease roll, and increased interest rates we may consider a reduction in our distribution rate in a future period.

